REMARKS

This paper is responsive to the Office Action dated October 27, 2002. The status of the claims is as follows:

Amended:	1
Cancelled:	None
New:	21 and 22
Pending:	1-20
Allowed:	None

Applicant has added new claims 21 and 22, the required fee for the additional claims is submitted herewith. No new matter is presented.

In the Official Action, Claims 1-11 were rejected under 35 U.S.C. 112, first paragraph. In particular, claim 1 was rejected for undue breadth as a single means claim. Applicant has amended claim 1 to recite a combination of a credit card and a computer system. Claim 1 as amended is fully supported by the application as filed. Inasmuch as claim 1 is now directed to a combination, the stated undue breadth rejection has been overcome. Reconsideration a withdrawal of the stated rejection are requested.

Claims 1 and 5 were rejected under 35 U.S.C. 102(b) as being anticipated by, or, in the alternative, as obvious over Wells Fargo (Dialog file 16, document number 02812176). The Official Action states:

> 8. Wells Fargo does not teach that the credit card issuer and lending institution are not the same financial institution. This ownership limitation is nonfunctional descriptive material, and was accordingly not given patentable weight.
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> 9. Ownership limitations - A difference in ownership of financial institutions is not a practical application within the technological arts. Hence "wherein the credit card issuer and lending institution are not the same financial institution" is not statutory matter (MPEP 2106.IV.B.2(b) at p. 2100-15 revised August 2001). Also, this limitation constitutes descriptive material that does not describe a functional interrelationship (MPEP 2106.IV.B.1(b) at pp. 2100-13 and 2100-14 revised August 2001).
>
> 10. Ownership of the institution(s) can be subdivided and distributed without affecting any functional relationships within

> or between the institution(s). Whether the issuer and lender are the same or different institutions has no bearing on the functional or technological properties of the invention. °A" can issue credit cards and °B" can makes loans whether the two entities are divisions of the same corporation, independent corporations, or corporations associated by some degree of common ownership. In every case, the instant invention can be practiced without functional or technological differences.

Applicant disagrees. Independent claims 1 and 12 recite that "the credit card issuer and lending institution are not the same financial institution." The examiner has classified this claim limitation as "Nonfunctional Descriptive Material" and therefore concluded that the limitation should not be accorded patentable weight. The Official Action also cites MPEP 2106.IV.B.2(b) which expressly states:

> Descriptive material that cannot exhibit any functional interrelationship with the way in which computing processes are performed does not constitute a statutory process, machine, manufacture or composition of matter and should be rejected under 35 U.S.C. 101.

An analysis of the limitation at issue leads to the inevitable conclusion that it is indeed statutory subject matter that must be accorded patentable weight. It is wholly inappropriate, and in contravention of 35 U.S.C. §101, to disregard this aspect of the claimed invention. The phrase "the credit card issuer and lending institution are not the same financial institution" logically necessitates a physical and legal separation of the two business entities. This is a structural limitation, indeed as structural as nuts and bolts and rivets. The fact that the two financial institutions or businesses could be bought or sold or re-formed into another business entity is of no moment. For example, nuts, bolts and rivets can be melted down to form a metal plate, yet the nuts and bolts and rivets are certainly structural elements. Under such conditions, a claim directed to nuts, bolts or rivets would no longer read on an apparatus that lacks such structural elements but instead includes a metal plate. Similarly, if it so happens that a given credit card issuer and lending institution are or become the same financial institution, at that point the claims 1 and 12 as amended do not read on a credit card incentive system for such a configuration. However, this possibility does not and cannot render the claimed subject matter non-statutory.

Further, the limitation at issue has a functional interrelationship with the way in which computing processes are performed. As such the limitation at issue and invention as a whole are squarely within the realm of statutory subject mater under 35 U.S.C. §101. See MPEP 2106.IV.B.2(b). The invention is direct to the application of a credit card rebate benefit to the payment of **principal** in connection with a home mortgage loan, installment loan or the like. As pointed out above, the credit card issuer and lending institution are not the same financial institution. In contrast, the prior art discloses rebates in connection with "out-of-pocket loan fees" or "lower interest rates" for a newly created mortgage loan. Such rebates and their associated computing processes are only applicable if the credit card issuer and lending institution are the same financial institution and the credit card account an loan account are created essentially simultaneously. The invention as claimed is structurally and functionally distinct by providing rebates benefits that are applied to the payment of **principal** in connection with a home mortgage. As discussed in more detail below, this provides a mechanism and the associated computing processes to attract consumers with existing loans, such as a home mortgage loan, installment loan or the like.

The Official Action also states:

> 7. Wells Fargo teaches a credit card incentive system wherein a credit card issuer (Wells Fargo) provides a reduced mortgage interest rate to the credit card holder as a reward for the holder's use of the credit card, which reads on makes a payment on behalf of the credit card holder to a lending institution to be applied against the outstanding principal on a note for a loan made to the credit card holder, which note is held by the lending institution.

In light of the discussion above, reconsideration is requested. Nowhere does Wells Fargo teach or suggest the application of credit card rebate benefit to the payment of principal in connection with a home mortgage loan, installment loan or the like. Wells Fargo, and indeed the prior art of record simply teach rebates that can only be used in connection with "out-of-pocket loan fees" or "lower interest rates" for a newly created mortgage loan. The Wells Fargo credit card is "a means to attract mortgage customers". See Borowsky, page 2, following "NEW CARDHOLDERS". The invention recognizes the limitations of the prior and provides a system and method to address this. Nothing in Wells Fargo or the prior art of

record teaches or suggests the invention as claimed. Indeed, Borowsky expressly confirms that benefits associated with Wells Fargo are applicable only to a newly created mortgage loan. The structure required the implement the invention and the benefits provided thereby are wholly absent from the Wells Fargo, Borowsky and the prior art of record.

As stated in the previous amendment, the invention as claimed is directed to a credit card incentive system in which a credit card issuer makes a payment on behalf of a credit card holder. This payment is made to a lending institution to be applied against outstanding principal on a note for a loan made to the credit card holder. One advantage of the invention is that the credit card issuers need not be connected to the lending institution (e.g., as would be required to secure a lower interest rate). In this regard, the invention is suitable for use in connection with pre-existing loans. Accordingly, claims 21 and 22 (generally corresponding to claims 1 and 12) have been added to further emphasize this aspect of the invention. Another advantage of the invention is that the credit card holder gets continual rebate benefits from use of the credit card, as opposed to a one time benefit at the time the home mortgage is established. These and other advantages are readily apparent from the claims as amended. Claims 1, 12, 21 and 22 are allowable because the prior art lacks the structure of the invention as claimed, and fails to disclose or suggest any comparable structure for performing similar functions.

Claims 2-11 and 13-20 depend from claim 1 and 12 and are allowable for the same reasons set forth above. Claims 2-11 and 13-20 recite further aspects of the invention, and considering each of the claims as a whole, are patentable in their own right.

Conclusion

In light of the above discussion, it is respectfully submitted that the claims are in condition for allowance. The issuance of a Notice of Allowance is earnestly solicited.[1]

Respectfully submitted,

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[1] **FEE DEFICIENCY**

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Version of Claims with Markings to Show Changes Made

1(twice amended). A credit card incentive system comprising a credit card and a computer system operable to periodically calculate the value of all purchases made by the credit card holder using the credit card during a period of time and periodically calculate an installment loan benefit amount, wherein a credit card issuer makes a payment on behalf of a credit card holder to a lending institution to be applied against outstanding principal on a note for a loan made to the credit card holder, which note is held by the lending institution, wherein the credit card issuer and lending institution are not the same financial institution.

21(new). A credit card incentive system comprising a credit card and a computer system operable to periodically calculate the value of all purchases made by the credit card holder using the credit card during a period of time and periodically calculate an installment loan benefit amount, wherein a credit card issuer makes a payment on behalf of a credit card holder to a lending institution to be applied against outstanding principal on a note for a pre-existing loan made to the credit card holder, which note is held by the lending institution, wherein the credit card issuer and lending institution are not the same financial institution.

22(new). A computerized method for providing credit card incentive payments, comprising:
a) establishing a credit card account between a credit card issuer and a credit card holder, wherein the credit card holder has a pre-existing loan with an outstanding principal balance for which a lending institution holds a note, wherein the credit card issuer and lending institution are not the same financial institution;
b) issuing a credit card to the credit card holder;
c) periodically calculating the value of all purchases made by the credit card holder using the credit card during a period of time;
d) periodically calculating an installment loan benefit amount; and,
e) periodically paying to the lending institution the installment loan benefit amount, wherein the installment loan benefit amount is applied against the outstanding principal balance.